

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 582 – SB 689

April 11, 2017

SUMMARY OF ORIGINAL BILL: Reduces, from 90 to 60 days, the time after the execution of an interlocal agreement entered into by local government entities that creates a joint venture that such agreement must be filed in the Office of the Comptroller (Comptroller).

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006752): Deletes all language after the enacting clause. Authorizes a county or metropolitan government and a municipality or school district, a county and a city, or a county and a special school district to enter into an interlocal cooperation agreement, pursuant to Tenn. Code Ann. § Title 12 Chapter 9, for purposes, including but not limited to, specifying the timing and the amount of the payment and interest on the sale of school bonds. Requires the Comptroller or the Comptroller's designee to approve that such agreement complies with this legislation, within 30 days, to be effective. Requires local governments that have entered into such agreements with local education agencies to give a proportionate share of the funds allocated for nonrecurring expenditures to city or special districts within the county.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – To the extent a local entity enters into an interlocal cooperation agreement, school bond sales revenue may shift between local entities; however, any shift is permissive and dependent on the terms and conditions of such an agreement.

To the extent any such interlocal agreement is executed between a local government and the local education agency, there will be a mandatory one-time increase in local expenditures of an unknown amount based on the extent of the non-recurring appropriations made by the local government pursuant to the agreement.

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Assumptions for the bill as amended:

- Any action taken by a county, metropolitan government, municipality, school district, city, or special school district to enter into an interlocal cooperation agreement is permissive.
- The timing and amounts of payment and interest of school bond revenue are dependent on the terms and conditions of the interlocal cooperation agreement; however, the net impact to local government is estimated to be not significant.
- Any non-recurring local appropriations that will be made specifically to priority schools pursuant to a future agreement between the local government and LEA is unknown.
- No increase in state expenditures for the Department of Education to review and approve written agreements.
- Based on information provided by the Comptroller, reviews of interlocal cooperation agreements referenced in this legislation can be performed within existing resources. Any fiscal impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj